

STRATEGIES

Evaluate recruiting firms thoroughly to avoid staffing snafus

BY DEBRA BEACHY
SPECIAL TO HOUSTON BUSINESS JOURNAL

Eventually, almost every business owner hires new employees. It sounds easy enough, but it can become difficult and time-consuming to recruit key, hard-to-find employees. So it's not unusual for entrepreneurs to turn to professional staffing agencies for help.

"Typically, the small business owner is paying an outside accounting firm \$100,000 to do its books, and the owner decides it's possible to hire an (accounting) employee for less, and have more control," says John Goodson, president of the Goodson Group, a Houston executive search and permanent placement agency. Goodson says small business owners seek out an agency because of the time it can take to recruit candidates.

Posting ads on Internet job boards and in newspapers, selecting candidates to interview and conducting background checks can require significant amounts of time. And for a small business owner, time is the biggest factor, he adds.

When selecting a permanent staffing firm, it's important to know what you're looking for, those in the industry say. For example, some businesses use the so-called "temp-to-perm" approach to employment. Under this arrangement, workers are hired initially on a temporary basis, so they can be evaluated before they be-

come full-time employees.

Many staffing firms provide both temporary and permanent placement. Some specialize in different administrative sectors, such as accounting. Other firms specialize in permanent placement.

Entrepreneurs use staffing agencies not only to fill upper-management positions; they also use them to fill highly specialized areas. "There are layers of specialty that people want — in transportation, logistics people; in the mortgage industry, loan originators," Goodson says. "It gets very job specific."

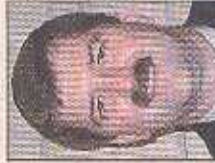
Businesses can take advantage of the knowledge recruiters have developed on the causes of employee turnover, based on their interviews with prospective job candidates, according to Goodson.

"The No. 1 reason is quality of life issues — dropped benefits, or working overtime," he says.

Moreover, recruiters have the advantage of being well connected through branch offices and memberships in organizations to a larger pool of candidates, says Kristina Steider, director



Steider



Burnett

of permanent placement services for Robert Half Finance & Accounting in Houston. When business owners decide to use a staffing firm, they should interview three or four different firms and ask to speak to previous clients such as those in the recruiting industry.

"Find a firm that understands the company and has an interest in your company," Steider advises. "Look for professionalism."

Talk to colleagues, local chambers of commerce to get several names of recruiting firms.

"If you're looking for specialization, it's very important to do research; if you're looking for an accountant, talk to a (recruiting) firm that specializes in accounting."

FOR MORE INFORMATION:

Houston Association of Personnel Consultants
www.hapc.org

National Association of Personnel Consultants
www.recruitin.gifts.org

American Staffing Association
www.americanstaffingtoday.net

National Federation of Independent Businesses
www.nfib.com

Taking the step to use a recruiter is a big one, so Goodson advises finding out about fees up front.

"Recruiters can charge as much as 20 percent to 30 percent of the candidate's first-year salary," Goodson points out.

There are two different types of payment arrangements used by recruiters — contingency fees and retainer fees.

When a retainer fee structure is used, the business owner pays the staffing firm a flat fee to search for the candidate, regardless of the number of candidates the staffing firm interviews for the job. The fee can be paid at the start or the end of the search. Business owners should ask how many times a firm could raise its fee.

When a contingency search is used, the recruiter is paid only if a candidate it recruits to fill the vacancy is hired. The payment is usually 20 percent to 30 percent of the job candidate's first-year salary but it can be more, depending on the recruiting firm, those in the industry say.

Regardless of the method of payment, staffing firms usually give a guarantee that after a job vacancy is filled, the candidate who was hired will continue to work for at least 60 to 90 days, Burnett says.

In addition to finding out about fees, managers should interview the person who would be directly responsible for recruiting candidates for their business, according to the National Federation of Independent Businesses.

It advises that business owners make their selection of a staffing firm very carefully, because it can be very expensive to change firms later on. ■

DEBRA BEACHY is a Houston-based freelance writer.